



State of Utah

**Department of
Natural Resources**

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**Division of
Oil, Gas & Mining**

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November 28, 2006

TO: File

THRU: Daron Haddock, Compliance Officer

THRU: Tom Munson, Reclamation Specialist

FROM: Beth Ericksen, Surety Coordinator

SUBJECT: Brown Rock 7/Rocking Chair, Wellman Minerals Corporation,
S/045/055, Tooele County, Utah

Wellman Minerals Corporation submitted a cash bond to the BLM in the amount of \$3,785.00 in 2004. The Operator has recently updated the Notice of Intention to reflect a 0.19-acre disturbance that requires reclamation surety in the amount of \$3,785.00.

The bond is administered and will continue to be administered by the BLM head office. According to R647-3-111.2, the Division will not require a separate surety where the form and amount of surety is acceptable to the Division, provided that the cost estimate is accurate and the Division is named as co-beneficiary.

In the case of this cash bond, the Division is named on the BLM form, 3809-2, Surface Management Personal Bond, however is not directly named as co-beneficiary to the BLM suspense account where the monies are held. Since the Division cannot be named directly on the BLM suspense account, it will be considered acceptable to be named on Form 3809-2. However, the bond conditions identified on this form pertain to the BLM only. The reclamation contract identifies the terms and conditions entered into between the Operator and the Division. The Division will keep copies of the reclamation surety information. The BLM will notify the Division as updates and revisions to the surety occur.

The BLM and the Division do not have a signed MOU outlining the roles and responsibilities of the BLM and OGM in the administration of reclamation sureties for mining operations on BLM lands. Recent conversations with Mr. Doug Bauer, BLM, have resulted in the verbal agreement that the Division and the BLM are cooperatively acting under the terms identified in the unexecuted MOU. Specifically:

- The BLM will not release the reclamation surety until all applicable standards of OGM have been satisfied, and the BLM has received written

consent of OGM in accordance with the procedures and requirements of the Utah Mined Land Reclamation Act and associated rules as amended.

- If the mine operator fails to comply with any provision of the plan of operations as amended, each agency, the BLM and OGM, mutually agree to allow cancellation, suspension, or withdrawal of the permit as necessary. In this case, because the BLM is the lead agency regarding the surety, such a Division request will result in BLM approval.

The Division will accept this BLM administered cash surety and not require a separate surety at this time. Technically, OGM is not named as co-beneficiary to the suspense account, therefore, does not have authority to negotiate these funds. However, upon the basis of good faith actions between OGM and BLM, there will be cooperative efforts to achieve reclamation in the event the Operator fails to perform the reclamation affected by mining operations.